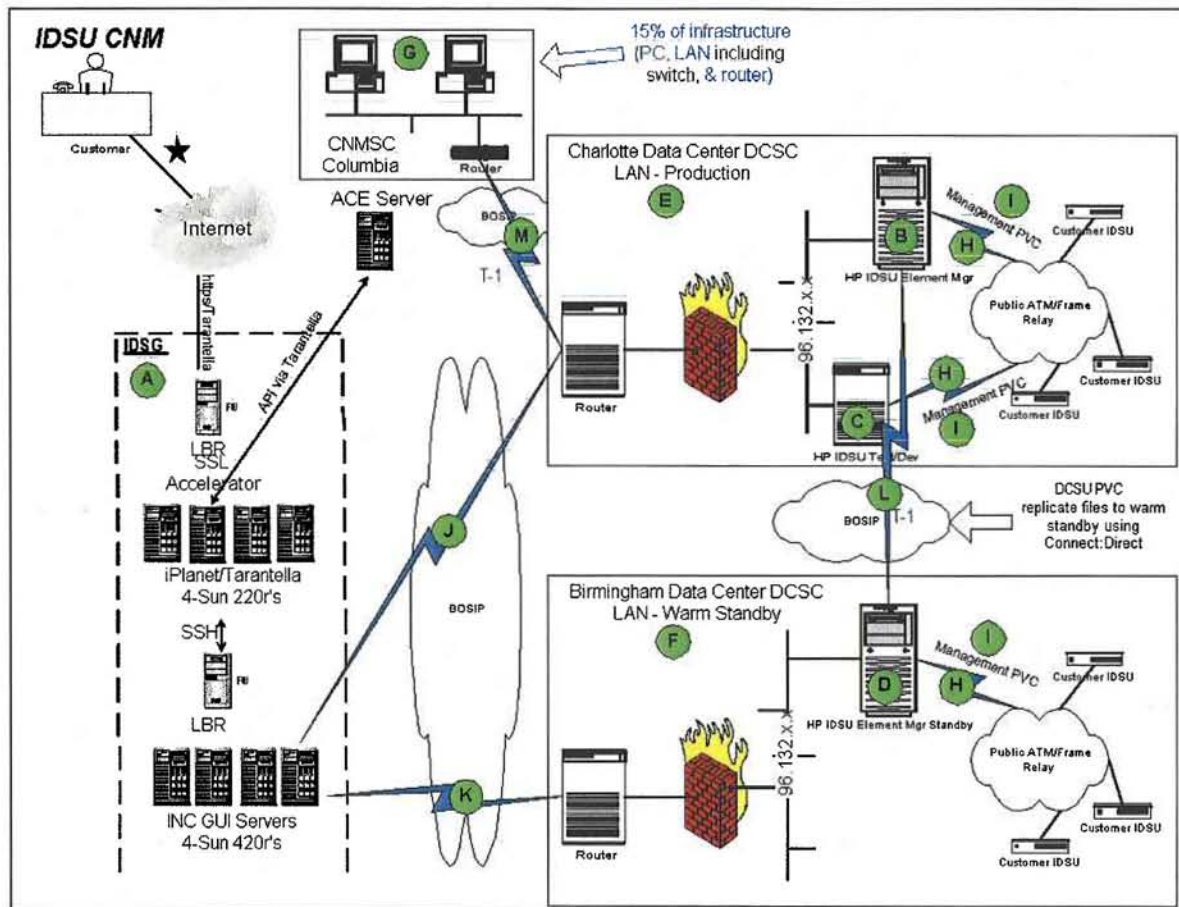


Appendix 4
Cost Allocation Plan for Intelligent Data Service Unit Service

Cost Allocation Plan for Intelligent Data Service Unit (IDSU) Service

The diagram below shows the various elements and areas of the IDSU network that require cost allocation decisions in order to deploy the IDSU Service in a manner consistent with current cost allocation rules. These thirteen elements and areas are labeled A through M. Each element/area requires a separate method of cost allocation.



Service & Customer Impacts

The cost apportionment requirement delayed the implementation of IDSU Service by more than three months. BellSouth had a customer waiting for this service when it began the cost apportionment process required for its service deployment. By the time all cost apportionment matters were resolved, that customer had been lost. Thus these needless and complex accounting requirements not only negatively impacted BellSouth internally, but also negatively impacted its customer's needs.

IDSU Service Description

This service is made up of two separate and distinct nonregulated components: a Customer Premises Equipment component called an “IDSU,” and an information service component (termed Nonregulated Customer Network Management) that provides the customer with specialized network management reports. The service would allow retail and wholesale customers to view their network topology, operational statistics, and alarm data collected from these IDSUs, and would allow BellSouth to offer customers one platform to monitor and isolate customer network trouble using a single network tool. Customers would be able to purchase IDSUs from BellSouth along with their Frame Relay service.

Cost Allocation

This section describes the various cost allocation methods required to account for the different elements and areas of the IDSU network, as depicted in the network diagram. Each lettered item below corresponds to the lettered elements/areas of the IDSU network diagram.

A. IDSG – Tarantella Servers and INC GUI Servers.

Based on usage, a portion of the cost for these devices will be charged to the IDSU Service. A tracking mechanism is available and the system logs traffic.

B. INC Production Platform at Charlotte Data Center

This is new hardware being purchased for IDSU Service and the total cost will be charged/directly assigned to nonregulated IDSU Service.

C. INC Platform for Test and Development

This is new hardware being purchased for IDSU Service and the total cost will be charged/directly assigned to nonregulated IDSU Service.

D. INC Stand-By Platform at Birmingham Data Center

This is new hardware being purchased for IDSU Service and the total cost will be charged/directly assigned to nonregulated IDSU Service.

E. Charlotte Data Center

A monthly fee will be charged to the IDSU Service for housing the servers in the data center. This cost includes floor space, administration, and transport. Transport includes the use of the LAN in the Data Center, including firewalls and routers. Nonregulated affiliates currently use the data center to house platforms. Charge-back mechanisms are already in place and will continue to be followed for the IDSU Service.

F. Birmingham Data Center

A monthly fee will be charged to the IDSU Service for housing the servers in the data center. This cost includes floor space, administration, and transport. Transport includes the use of the LAN in the data center, including firewalls and routers. Nonregulated affiliates currently use the Data Center to house platforms. Charge-back mechanisms are already in place and will continue to be followed for the IDSU Service.

G. Customer Network Management Service (CNMS) Center – Columbia, SC

The CNMS Center provides system administration and help desk functions. Costs will be allocated to the IDSU service. Two proposals are being evaluated. One is to use exception reporting on an individual basis. The second proposal is establishing a separate group to handle only the nonregulated service. The decision will be based on anticipated volume of work.

H. Communication link – INC Platforms to Frame Relay Network

These will be Frame Relay “loops” from the INC platforms to the Frame Relay “cloud.” This Frame Relay service will be purchased by the IDSU Service from the existing tariffs. The GSST Frame Relay service tariffs will be used for ordering these links.

I. Management PVC

Customers who purchase IDSU Service will also purchase from the tariffs Frame Relay PVCs that will be mapped from their Gateway IDSUs to the INC platform. The GSST Frame Relay service tariffs will be used for ordering these PVCs.

J. InterLATA Link – IDSG to Charlotte Data Center

This link will be used to provide connectivity between the INC GUI servers in the IDSG and the INC platform in the Charlotte Data Center. A customer will log in to the service via the Internet through the Tarantella servers. Requests for management information will pass through the INC GUI servers to the INC platform. Information relating to the performance of the customer’s IDSUs will be passed back through the GUI servers and the Tarantella servers to the customer’s web browser. Transport costs will be imputed to the nonregulated IDSU Service at surrogate tariff rates.

K. InterLATA link – IDSG to Birmingham Data Center

The INC platform in the Birmingham Data Center serves as the stand-by platform in the event of failure of the platform in the Charlotte Data Center. This link would be used to provide access to the customer’s data in a fail-over situation. These facilities, in the current design, are part of BellSouth’s BRTN/BOC Infrastructure Network. Transport costs will be imputed to the nonregulated IDSU Service at surrogate tariff rates.

L. InterLATA Link – Charlotte Data Center to Birmingham Data Center

This link provides the data path for replication of information from the production INC platform in Charlotte to the Stand-by platform in Birmingham. These facilities, in the current design, are part of BellSouth’s BRTN/BOC Infrastructure Network. Transport costs will be imputed to the nonregulated IDSU Service at surrogate tariff rates.

M. InterLATA Link – CNMS Center to Charlotte Data Center

This link is used for administration and management of the of the INC platform and for viewing customer information in order to provide customer Help Desk assistance. We must impute charges, at surrogate tariff rates, to nonregulated operations for this network transport.